



**1992-2012**  
20 years  
of global presence



## ***Extract*** **Financial Year 2012**

# STOCK MARKET

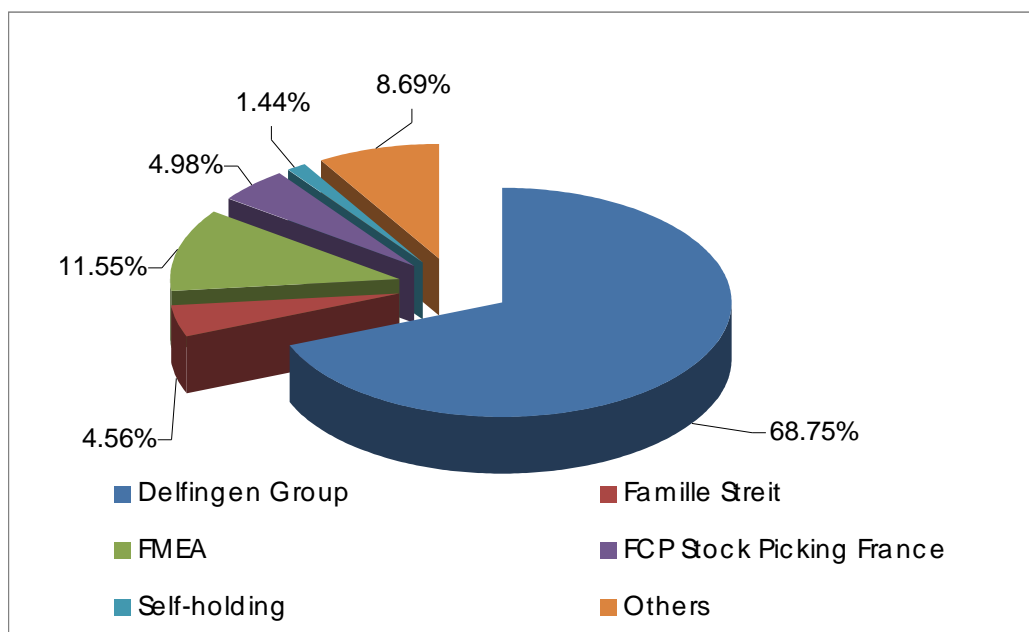
## DELFINGEN INDUSTRY STOCK AS ON DECEMBER 31, 2012

Net profit per stock <sup>(1)</sup>	Stock price	Market capitalization <sup>(2)</sup>
€ 1.82	€ 9.00	€ 18.4 M

(1) Diluted profit, Group share per stock

(2) On number of stocks on 12/31/2012: 2,037,440

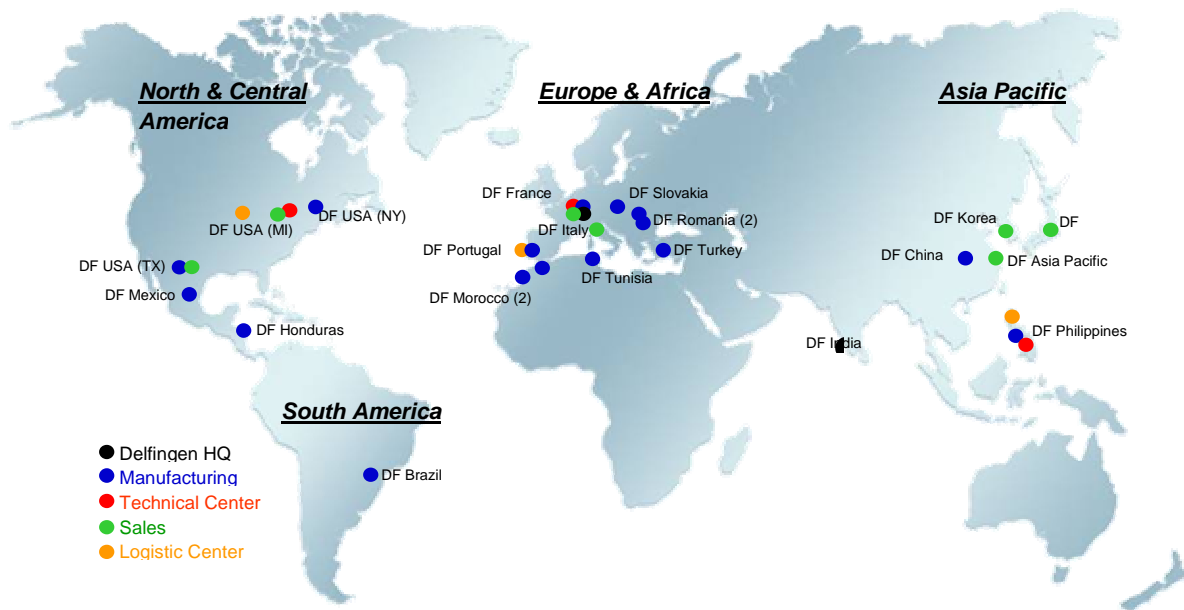
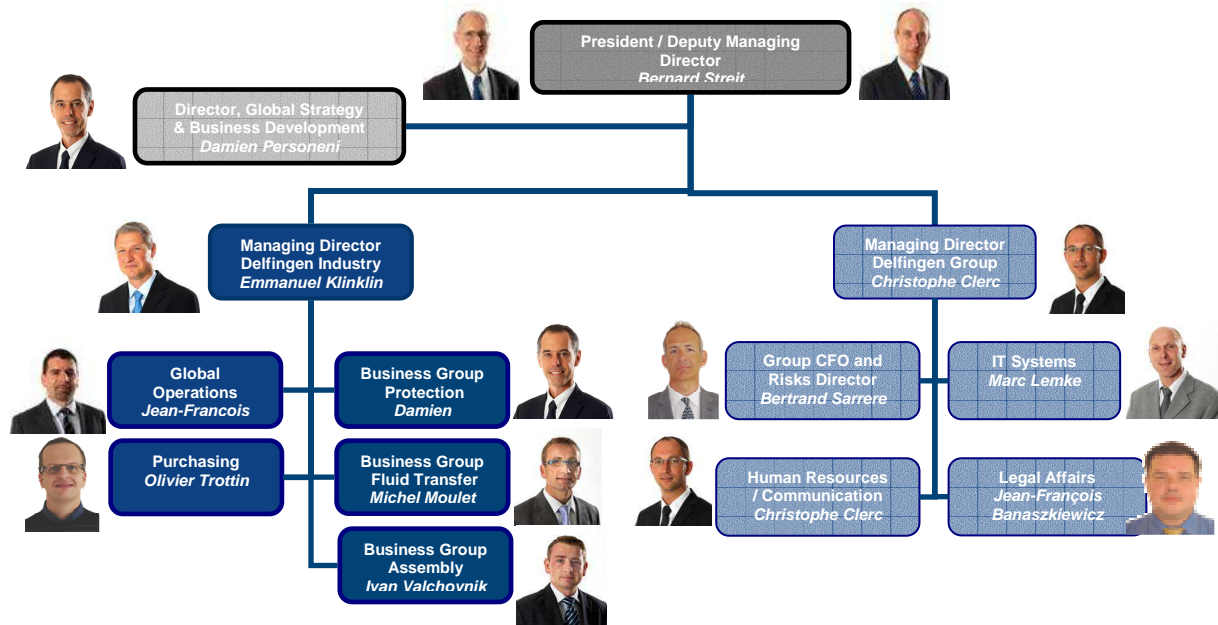
### STRUCTURE OF SHAREHOLDERS ON DECEMBER 31, 2012



### STOCK PRICE from Jan 2, to Dec 31, 2012

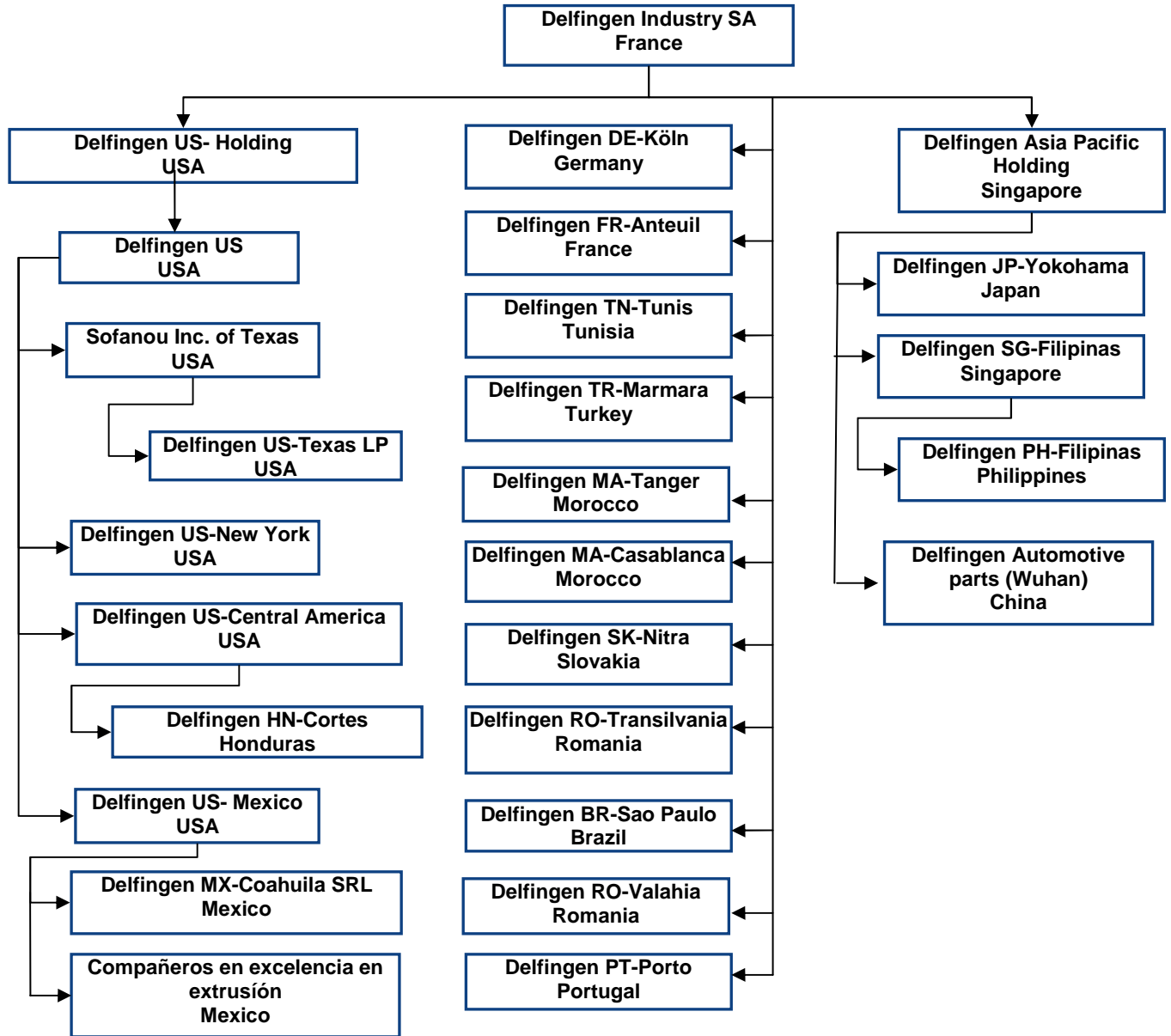


# GROUP ORGANIZATION



24 SITES AROUND THE WORLD, dedicated to product development, innovation, production, logistics and sales, in 17 countries on 4 continents.

**LEGAL ORGANIZATION CHART – DELFINGEN INDUSTRY MAIN SUBSIDIARIES ON 12/31/2012**



## B – Information regarding the scope of consolidation

### Note n°1 Scope of consolidation

The Group consolidated statements count the whole subsidiaries, sub-branch and Delfingen Industry company interests.

The companies included within the scope of consolidation of the Group are the following:

Corporate name	Countries	% held			Method
		2012	2011	2010	
Delfingen Industry	France	Parent company	Parent company	Parent company	GI
Delfingen FR-Anteuil	France	99.98	99.98	99.98	GI
Sofanou Ibérica	Spain	99.96	99.96	99.96	GI
Delfingen PT Porto SA (ex Delfingen PT Lda)	Portugal	99.50	98.44	98.44	GI
Delfingen TR-Marmara	Turkey	99.99	99.99	99.99	GI
Lima Inmo SL	Spain	99.99	99.99	99.99	GI
Delfingen TN-Tunis	Tunisia	100.00	100.00	99.90	GI
Delfingen MA-Casablanca	Morocco	100.00	100.00	100.00	GI
Delfingen SK-Nitra	Slovakia	100.00	100.00	100.00	GI
Delfingen MA-Tanger	Morocco	100.00	100.00	100.00	GI
Delfingen RO-Transilvania	Romania	100.00	100.00	100.00	GI
Delfingen RO-Valahia	Romania	99.99	99.99	99.00	GI
Sofanou UK	United Kingdom	-	-	100.00	GI
Delfingen US-Holding	USA	100.00	100.00	100.00	GI
Delfingen US	USA	100.00	100.00	100.00	GI
Delfingen US-New York	USA	90.00	90.00	90.00	GI
Delfingen US-Texas	USA	100.00	100.00	100.00	GI
STX Holding LLC	USA	100.00	100.00	100.00	GI
Sofanou Inc. of Texas	USA	100.00	100.00	100.00	GI
Delfingen US-Asia	USA	-	100.00	100.00	GI
Delfingen PH-Filipinas	Philippines	100.00	100.00	100.00	GI
Delfingen US-Central America	USA	100.00	100.00	100.00	GI
Delfingen HN-Cortes	Honduras	100.00	100.00	100.00	GI
Delfingen US-Mexico, Inc	USA	100.00	100.00	100.00	GI
Delfingen West , Inc	Philippines	-	-	100.00	GI
Sofanou of Mexico LLC	USA	100.00	100.00	100.00	GI
Delfingen MX-Coahuila S de RL de CV	Mexico	100.00	100.00	100.00	GI
Compañeros en Excelencia en Extrusion S de RL de CV	Mexico	100.00	100.00	100.00	GI
SCI des Bottes	France	10.05	10.05	10.05	GI
Delfingen PT- Porto Ida	Portugal	-	100.00	100.00	GI
Delfingen MA- Tanger1	Morocco	-	100.00	100.00	GI
Delfingen BR- Sao Paulo	Brazil	100.00	100.00	100.00	GI
Delfingen DE- Köln	Germany	100.00	100.00	100.00	GI
Delfingen Asia Pacific Holding Pte	Singapore	100.00	100.00	100.00	GI
Delfingen Automotive Parts (Wuhan) co.	China	100.00	100.00	100.00	GI
Delfingen SG-Filipinas	Singapore	100.00	-	-	GI
Delfingen JP-Yokohama	Japan	100.00	-	-	GI

\*GI: Global Integration



# C – Accounting principles, evaluation and consolidation methods

## Note n°2

### 2 – 1 Reference used

The financial statements are presented according to the IFRS reference standards (International Financial Reporting Standards) as adopted by the European Union, as on December 31, 2012 and available on the European Commission website<sup>1</sup>.

The financial statements are presented in euro and rounded to closest thousand. They have been prepared according to the general principles of the IFRS standards:

- Accurate Image;
- Business as usual ;
- Accounting principal; entries & reserves ;
- Permanent and continuous method ;

When the texts offer the possibility, the Group has decided not to apply early the standards, updates and interpretations issued and applicable for the years 2012 and following. The Group does not think it will result in significant changes.

The accounting principles used to make the Group financial statements are described in the following notes. Except any particular indication, they have been applied with homogeneity.

### 2 – 2 Standards, amendments and estimates adopted by the European Union and with a compulsory or not application for the opened fiscal years starting on January 1<sup>st</sup>, 2012

#### 2 - 2 - 1 Standards, amendments and interpretations adopted by the European Union and effective for reporting periods beginning on or after 1 January 2012

The amendment to IFRS 7 "Transfers of Financial Assets - Financial Instruments: Disclosures" mandatory for accounting periods beginning on 1 January 2012 implementation has no significant impact on the consolidated financial statements in Delfingen Industry December 31, 2012.

The amendment to IAS 12 "Income Taxes - Deferred Tax: Recovery of Underlying Assets" has no impact on the consolidated financial statements Delfingen Industry December 31, 2012.

#### 2 - 2 - 1 Standards, amendments and interpretations adopted by the European Union, the application is not compulsory for fiscal years beginning on or after 1 January 2012

Moreover Delfingen Industry has not early adopted the new published by the IASB accounting principles, but the application is not compulsory:

- Revised IAS "Employee Benefits" 19
- Amendment to IAS 1 "Presentation of other comprehensive income"
- Amendment to IFRS 7 "Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities"
- IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities" amended IAS 28 "Investments in Associates"
- IFRS 13 "Valuation at fair value"
- IAS 32 "Presentation - Offsetting Financial Assets and Financial Liabilities"

The Group does not think it will result in significant changes.

### 2 – 7 Closing dates

Every company included in the consolidation scope ended their fiscal year on December 31, 2012.

Moreover, all the companies included within the scope of consolidation count 12 months in their fiscal year, except for the Japanese company that has been created during the year.

<sup>1</sup> [http://ec.europa.eu/internal\\_market/accounting/ias\\_fr/htm#adopted\\_commission](http://ec.europa.eu/internal_market/accounting/ias_fr/htm#adopted_commission)

## I - 1.- Consolidated Statement of Financial Position

	2012	2011	2010	Corresponding notes
<b>Non-current assets</b>				
Goodwill	22,011	18,940	18,418	2-8 ; 2-11 ; 4-1
Intangible assets	1,061	667	692	2-9 ; 4-1
Property, plant and equipment	16,010	15,680	15,352	2-10 ; 4-2
Assets available for sale	0	0	0	
Other non-current financial assets	632	592	611	2-12 ; 4-3
Deferred tax assets	1,530	1,618	2,391	2-20 ; 13
<b>Total non-current assets</b>	<b>41,244</b>	<b>37,496</b>	<b>37,464</b>	
<b>Current assets</b>				
Inventories	10,974	12,299	10,397	2-13 ; 5
Trade and accounts receivable	19,661	22,812	20,387	2-14 ; 6 ; 7
Other net receivables	4,567	3,280	3,270	2-14 ; 7
Current taxes	276	268	234	7
Cash and cash equivalents	8,905	4,874	5,769	2-15 ; 8 ; 12
Assets held for sale	0	0	0	
<b>Total current assets</b>	<b>44,383</b>	<b>43,535</b>	<b>40,058</b>	
<b>Total assets</b>	<b>85,627</b>	<b>81,031</b>	<b>77,522</b>	
€/USD exchange rate	1.319400	1.293900	1.336200	

Liabilities	2012	2011	2010	Corresponding notes
<b>Group shareholders' equity</b>				
Parent company capital	3,117	3,117	3,030	9
Capital-related reserves	8,220	8,157	8,076	9
Treasury shares	(478)	(478)	(478)	2-21
Consolidated reserves	21,127	20,641	19,202	
Translation adjustments	(3,041)	(2,488)	(2,925)	
Group consolidated income (loss)	3,654	743	1,844	
<b>Total Group shareholders' equity</b>	<b>32,598</b>	<b>29,693</b>	<b>28,748</b>	
<b>Minority interests</b>				
Minority interests in retained earnings	1,088	919	877	10
Minority interests in income (loss)	255	130	112	
<b>Total minority interests</b>	<b>1,343</b>	<b>1,049</b>	<b>989</b>	
<b>Total shareholders' equity</b>	<b>33,942</b>	<b>30,742</b>	<b>29,737</b>	
<b>Non-current Liabilities</b>				
Long and medium-term financial liabilities	16,263	1,777	17,277	2-22 ; 12
Other financial liabilities	424	473	401	
Employee benefits	536	451	408	2-18 ; 11
Non-current provisions	1,342	1,704	1,453	2-17 ; 11
Deferred tax liability	3,364	2,872	2,153	2-20 ; 13
<b>Total non-current Liabilities</b>	<b>21,929</b>	<b>7,277</b>	<b>21,691</b>	
<b>Current liabilities</b>				
Short-term financial liabilities (1)	12,363	25,388	10,047	2-22 ; 12
Trade payables	10,383	13,009	10,748	
Other current liabilities	6,673	4,382	5,032	15
Current provisions	0	0	0	
Current taxes	336	233	267	
Liabilities held for sale	0	0	0	
<b>Total current liabilities</b>	<b>29,756</b>	<b>43,012</b>	<b>26,094</b>	
<b>Total liabilities</b>	<b>85,627</b>	<b>81,031</b>	<b>77,522</b>	
(1) Including cash, credit	3,407	6,040	3,310	
Including accrued interest	87	73	61	
€/USD exchange rate	1.319400	1.293900	1.336200	

The capital is made up of 2,037,440 shares with a nominal of € 1.53. The Group holds 29,442 treasury shares.

## I – 2 Consolidated statement of comprehensive income

	2012	2011	2010	Explanatory notes
Net sales	122,446	112,484	107,163	16
Other revenues	103	130	112	
<b>Total Revenue</b>	<b>122,549</b>	<b>112,615</b>	<b>107,275</b>	
Purchases consumed	(66,900)	(68,498)	(62,116)	17
Other purchases and external charges	1,528	3,313	2,510	
Taxes	(18,317)	(16,590)	(15,594)	18
Payroll expenses	(1,073)	(836)	(841)	
Net depreciation	(24,537)	(22,008)	(20,320)	20
Net estimated expenses and impairment in value	(2,960)	(3,077)	(3,734)	19
Reserves and amortization	(847)	(253)	(1,480)	19
Other operating income	408	118	85	21
Other operating expenses	(398)	(174)	(279)	21
<b>Total operating expenses</b>	<b>(113,097)</b>	<b>(108,005)</b>	<b>(101,770)</b>	
<b>Results of operating activities</b>	<b>9,451</b>	<b>4,610</b>	<b>5,505</b>	
Other operational income	75	2	98	22
Other operational expenses	(439)	(67)	(37)	22
<b>Income from operations</b>	<b>9,087</b>	<b>4,546</b>	<b>5,565</b>	
Income from cash and cash equivalents	0	0	0	
Gross cost of financial debt	(1,126)	(1,127)	(1,198)	24
<b>Net cost of financial debt</b>	<b>(1,126)</b>	<b>(1,126)</b>	<b>(1,197)</b>	
Other financial income	595	1,031	1,044	23
Other financial charges	(1,159)	(1,255)	(1,108)	23
<b>Earnings before tax</b>	<b>7,397</b>	<b>3,195</b>	<b>4,304</b>	
Income tax expense	(3,488)	(2,322)	(2,348)	25
<b>Net income from continuing operations</b>	<b>3,909</b>	<b>873</b>	<b>1,955</b>	
Net income from discontinued operations	0	0	0	2-16
<b>Net consolidated income</b>	<b>3,909</b>	<b>873</b>	<b>1,955</b>	
Minority interests' share	255	130	112	
<b>Net income, Group share</b>	<b>3,654</b>	<b>743</b>	<b>1,844</b>	
Earnings per share (€)	1.82	0.37	1.04	26
Diluted earnings per share (€)	1.82	0.37	0.98	26
Earnings per share from continuing operations (€)	1.82	0.37	1.04	26
<i>Average €/USD exchange rate for financial year</i>	<i>1.284541</i>	<i>1.390637</i>	<i>1.323866</i>	

<b>Statement of net income and of gains and losses posted directly under shareholders' equity</b>	2012	2011	2010
<b>Net income (loss)</b>	<b>3,909</b>	<b>873</b>	<b>1,955</b>
Translation adjustments	(560)	446	1,978
<b>Total gains and losses posted directly under shareholders' equity</b>	<b>(560)</b>	<b>446</b>	<b>1,978</b>

<b>Net income and gains and losses posted directly under shareholders' equity</b>	<b>3,348</b>	<b>1,319</b>	<b>3,933</b>
Including Group share	3,101	1,175	3,795
Including minority interests' share	248	144	138



### I - 3 Consolidated cash flow statement

	2012	2011	2010	Explanatory notes
<b>Net income (loss) from consolidated companies</b>	<b>3,909</b>	<b>873</b>	<b>1,955</b>	
<b>Elimination of non-cash items or items unrelated to operations</b>				
Amortization and provisions: allowances	3,907	3,549	5,124	
Amortization and provisions: reversals	(1,260)	(203)	(701)	
Capital gains	(63)	(22)	78	
Minority interest in equity companies method	0		0	
Dividends received from equity companies method	0		0	
<i>Cash flow from operations after cost of net financial debt and tax</i>	<i>6,493</i>	<i>4,197</i>	<i>6,457</i>	
Cost of net financial debt	1,126	1,127	1,198	
Current income tax expense	2,784	912	726	
Change in deferred income taxes	704	1,410	1,622	
<i>Cash flow from operations after cost of net financial debt and tax (CAFICE)</i>	<i>11,107</i>	<i>7,645</i>	<i>10,002</i>	28
<i>Taxes paid</i>	<i>(2,695)</i>	<i>(1,011)</i>	<i>(528)</i>	
<i>Change in working capital</i>	<i>3,830</i>	<i>(2,544)</i>	<i>(1,301)</i>	29
<b>Net cash flow generated by operations</b>	<b>12,242</b>	<b>4,089</b>	<b>8,173</b>	
<b>Cash flow relating to investing activities</b>				
Acquisitions of property, plant and equipment	(3,542)	(3,074)	(2,937)	4.2
Acquisitions of intangible assets	(262)	(167)	(137)	4-1
Acquisitions of long-term investments (excluding consolidated companies)	(261)	(66)	(218)	
Disposal of capital assets	442	78	24	
Changes in reporting scope	(4,802)	0	0	32
Cash outflows from acquired companies	(0)	0	0	
<b>Net cash flow relating to investing activities</b>	<b>(8,426)</b>	<b>(3,229)</b>	<b>(3,268)</b>	
<b>Net cash flow relating to financing activities</b>				
Dividends paid to parent company shareholders	(140)	(361)	0	
Dividends paid to minority shareholders in subsidiaries	(32)	(93)	(79)	31
Share capital increase in cash	4	169	311	
Change in miscellaneous financial liabilities	0	0	0	
Loans taken out	12,554	4,638	10,859	
Loans repaid	(8,171)	(7,718)	(16,038)	
Derivative financial instruments	(49)	72	(40)	
Financial interest paid	(1,126)	(1,127)	(1,198)	
Treasury shares	0	0	0	
<b>Net cash flow relating to financing activities</b>	<b>3,040</b>	<b>(4,421)</b>	<b>(6,184)</b>	
<b>Theoretical change in cash flows</b>	<b>6,856</b>	<b>(3,560)</b>	<b>(1,279)</b>	
<b>Actual opening cash position</b>	<b>(1,166)</b>	<b>2,459</b>	<b>3,556</b>	
Effect of foreign exchange gains/losses	(192)	(65)	183	
<b>Actual closing cash position</b>	<b>5,498</b>	<b>(1,166)</b>	<b>2,459</b>	27
<b>Actual changes in cash flows</b>	<b>6,856</b>	<b>(3,560)</b>	<b>(1,279)</b>	

## I – 4 Consolidated cash flow statement

	Capital	Capital-related reserves	Treasury shares	Consolidated reserves and results	Gains and losses posted directly under equity (translation adjustments)	Shareholders' equity – Group share	Shareholders' equity – Minority interests' share	Total shareholders' equity
<b>At 12/31/2010</b>	<b>3,030</b>	<b>8,076</b>	<b>(479)</b>	<b>21,046</b>	<b>(2,925)</b>	<b>28,749</b>	<b>988</b>	<b>29,737</b>
Capital increase/reduction	87	82				169		169
Net income or loss for the period				743		743	130	873
Dividends paid				(361)		(361)	(122)	(484)
Change in translation adjustment					432	432	14	446
Change in reporting scope				(4)	(1)	(5)	5	0
Other changes				(39)	6	(33)	33	0
<b>At 12/31/2011</b>	<b>3,117</b>	<b>8,158</b>	<b>(479)</b>	<b>21,384</b>	<b>(2,488)</b>	<b>29,694</b>	<b>1,048</b>	<b>30,742</b>
Capital increase/reduction	(0)	63		(63)		(0)		(0)
Net income or loss for the period				3,654		3,654	255	3,909
Dividends paid				(140)		(140)	(12)	(152)
Change in translation adjustment					(554)	(554)	(7)	(561)
Change in reporting scope				(55)		(55)	59	4
<b>At 12/31/2012</b>	<b>3,117</b>	<b>8,221</b>	<b>(479)</b>	<b>24,780</b>	<b>(3,042)</b>	<b>32,599</b>	<b>1,343</b>	<b>33,942</b>

There are no rights, liens or restrictions attached to the shares making up the capital.

The dividends paid to the parent company's shareholders over the last three fiscal years amounted to:

- 2010: no dividend was distributed;
- 2011: € 361,000;
- 2012: € 140,000.

For the fiscal year 2012, the proposed distributable dividend is: € 723,000.

## D – Financial risk management

### Note 3 Financial risk management

#### 3 – 1 Cash assets

##### Cash positions

The details of the cash position and net financial debt (NFD) are stated in notes 8 and 12 hereunder.

At December 31, 2012, Delfingen Industry's cash position was € 8,905,000 (€ 4,874,000 at December 31, 2011).

Additional sources of cash assets include:

- o Confirmed short-term current account credit, ending on June 2014, equal to € 5,000,000, used to € 3,303,000;
- o Short-term standard line of bank credit, equal to € 700,000, used to € 1,000 ;
- o A medium-term line of bank credit equal to € 6,273,000, none of which has been drawn.

In 2012, the Delfingen Industry Group has introduced:

- o The second term of the credit facility agreement signed in 2011 with the French banks amortized over 5 years ;
- o A bond issue with a bullet repayment for 3,5 M€ contracted with the Micado France 2018 fund with a maturity term of October 2018 ;

- o Factoring programs signed with Eurofactor effective in July 2012 for a total credit facility of 7,0 M€.

### Factoring Program

The Program is concerning Delfingen FR- Anteuil and Delfingen PT- Porto.

The French factoring program for Delfingen FR- Anteuil, is on balance sheet: There is no impact on our AR trade balance on the balance sheet as the risk is still supported by Delfingen. The credit facility is up to € 2.5 M.

The Portuguese factoring program for Delfingen PT- Porto is off balance sheet. The contract signed in line with the IAS 39 norm (credit risk transfer, late payment risk and dilution). The invoices are sold to the factor without recourse up to 90% of the values sold. The credit facility is up to € 4.5 M. The AR trade balance is impacted by the program. As of December 12 the AR amount sold was € 1 224 K

The true value of the financial assets transferred is equal to the nominal value of these assets.

### Loans to Delfingen US Holding

With regards to the acquisition of Hilec, Delfingen US Holding has refinanced its whole debt. The remaining balance (1 471 K\$) has been refunded and new credit facilities with medium and long term loans have been subscribed with Huntington National Bank for 5 400 K\$ (4 093 K€).

Besides, Huntington National Bank has confirmed its will to support on the long term Delfingen US Holding, with:

- o A short term credit facility for a total amount of 7 500 K\$ (5 684 K€) unused ;
- o A medium term credit facility (equipment) for a total amount of 1 000 K\$ (758 K€) unused.

Delfingen Industry is managing the cash and cash equivalent at the group level, therefore Delfingen US Holding has limited exposure to cash availability.

### Covenants:

	<b>2012</b>
Financial debt relating to A covenants	21,629
Financial debt relating to B covenants	3,849
Financial debt unrelated to covenants	3,148
<b>Total gross financial debt</b>	<b>28,626</b>

All loans and lines of credit subject to covenants are subject to a related early repayment clause:

For A covenants (calculated on Delfingen Industry Group consolidated data):

- o at the NFD/EBITDA ratio, which must be under 3;
- o at the Free Cash Flow/Debt Servicing ratio, which must be greater than 1.1;
- o at the NFD/Shareholders' equity, which must be under 1.

For B covenants (calculated on Delfingen US Holding consolidated data):

- o at the gearing (NFD / Shareholders' equity), which must be under 1.75;
- o at the Debt Ratio (restated for subordinated debt) / EBITDA, which must not exceed 2.5;
- o at the Debt Servicing / EBITDA ratio (restated for rents), which must not be lower than 1.15.

At year-end and concerning Covenants A, Delfingen Industry has fulfilled the 3 covenant ratios and concerning Covenants B, Delfingen US Holding has fulfilled the 3 covenants.

- Fixed charged stands for repayment of the debt principal and interest adjusted with cash income taxes and unfinanced capex.

## **3 – 2 Foreign exchange risk**

### **Foreign exchange risk hedging:**

Foreign exchange hedges during 2012 concern the risks on cash advances made by Delfingen Industry to its subsidiary Delfingen U.S. Holding Inc. At 12/31/2012, at Delfingen Industry, all guaranteed forward foreign

exchange hedging accumulated during the year had expired.  
The Group's net exposure is mainly focused on the Dollar (excluding functional currency of the entities).

At 31 December 2012, net dollar receivables were as follows:

	In thousands of dollars	Total	< 1 year	> 1 year
Delfingen Industry / Delfingen US-Holding		194	194	0
Delfingen FR-Anteuil / Delfingen US-Holding		266	266	0
Delfingen US-Holding / Delfingen CN-Wuhan		87	87	0
Delfingen Asia Pacific Holding / Delfingen SG-Filipinas		1,213	1,213	0
<b>Total net receivables</b>		<b>1,761</b>	<b>1,761</b>	<b>0</b>

### Sensitivity to fluctuations in the Dollar:

Impact of Dollar fluctuations on the basis of the 2012 accounts

In thousands of euros	USD
<b>Assumed variance in relation to the USD</b>	<b>4%</b>
Impact on earnings before tax	+271
Impact on shareholders' equity	+1,055

## 3 – 3 Interest rate risk management

These hedges concern the risks of changes in interest rates on medium-term borrowings made by Delfingen Industry and Delfingen US Inc.

	Rate	1 <sup>st</sup> maturity	Last maturity	Thousands of Euros at 12/31/12
Delfingen Industry Tunnel	CAP: 4.60%, FLOOR: 3.75% Euribor 3 months	10/09/2008	10/09/2013	400
Delfingen Industry	Fixed rate: 4.35% Euribor 3 months	01/01/2008	07/01/2013	3,000
Delfingen Industry	Fixed rate: 4.70% Euribor 3 months	10/01/2008	09/16/2013	600
Delfingen Industry	Fixed rate: 2.33% Euribor 3 months	04/11/2011	06/02/2014	1,131
Delfingen Industry	Fixed rate: 2.28% Euribor 3 months	04/11/2011	03/03/2014	650
Delfingen Industry Tunnel	CAP: 2.50%, FLOOR: 1.50% Euribor 3 months	04/11/2011	04/11/2014	1,925
Delfingen Industry Tunnel	CAP: 3.00%, FLOOR: 1.50% Euribor 3 months	04/11/2011	09/30/2015	533
Delfingen Industry Tunnel	Tunnel between 2.00% and 5.00%: 1.62%	10/17/2011	07/17/2016	3,750
Delfingen US Inc	LIBOR 1M locked rate 3.73%	10/01/2012	08/29/2017	1,080
Delfingen US Inc	LIBOR 1M locked rate 3.65%	10/01/2012	08/29/2016	853

The interest on bank liabilities is predominantly indexed on the 3-month Euribor or 3-month Libor. Only € 6.3M is at fixed rates (see details in note 12-6).

The detailed financial structure by type of rate is presented in note 12-6 hereunder.

It is worth noting that a 0.5 point change on the interest rate would have an impact of + or – € 132,000 on the financial year's interest expenses.

### 3 – 4 Counterparties

Delfingen Industry is exposed to counterparty risk in its financing activities. However this risk is limited because these financing activities are carried out with ten or so counterparties:

- In France: Banque Populaire de Franche Comté, Crédit Agricole de Franche Comté, BECM, CIC- Est, Société Générale, BNP Paribas/Fortis, HSBC, OSEO, Caisse d'Epargne Bourgogne Franche- Comté, and the Micado Funds;
- In the USA: Fifth Third up to May 2010, subsequently replaced with Huntington National Bank;
- In Portugal: Millenium BCP, BES, Banco Popular and BPN.

### Note 8 Cash and cash equivalents

The «Cash» item breaks down as follows:

	2012	2011	2010
Marketable securities	8	8	8
Cash assets	8,896	4,866	5,761
<b>Gross total</b>	<b>8,905</b>	<b>4,874</b>	<b>5,769</b>
Provisions	0	0	0
<b>Net total</b>	<b>8,905</b>	<b>4,874</b>	<b>5,769</b>

Marketable securities are entirely made up of cash securities.

### Note 12 Current and non-current financial liabilities

The bank finance contracts in place have contractual clauses referring to the consolidated financial position, the financial position for the Delfingen Industry Group, or for North America, Central America, and Asia for the loans undertaken by Delfingen US-Holding. These "financial covenants" are fixed in consultation with the lenders. Due compliance with them is assessed at each annual closing for loans in France and each quarter for loans in the USA.

If these ratios are not met, the lender can demand total or partial repayment of the loan in question (refer to note 3.1 herein).

At December 31, 2012, the whole of the covenants had been complied.

At December 31, 2011, one of the covenants had not been complied; the corresponding financial liabilities had been reclassified, in accordance with IAS 1, as current liabilities for an amount of € 11,765,000, even though the financial partners had not demanded repayment.

#### 12 – 1 Net financial debt

Net financial debt is defined as follows: it includes all long-term financial debt, short-term bank credit and overdrafts, less loans and other long-term financial assets and cash and cash equivalents.

	2012	2011	2010
Cash and cash equivalents	8,905	4,874	5,769
Long and medium-term financial liabilities	(16,263)	(1,777)	(17,277)
Financial liabilities under 1 year	(12,363)	(25,388)	(10,047)
<b>Net financial debt (NFD)</b>	<b>(19,721)</b>	<b>(22,291)</b>	<b>(21,555)</b>

Financial liabilities under 1 year include €3,407,000 of overdrafts and renewable bank credit facilities.

#### 12 – 2 Gearing ratio

	2012	2011	2010
Net financial debt	19,721	22,291	21,555
Total shareholders' equity	33,942	30,742	29,737
<b>Debt ratio (%)</b>	<b>58.10%</b>	<b>72.51%</b>	<b>72.48%</b>

## 12 – 3 Breakdown by nature

	2012	2011	2010
<b>Non-current portion</b>			
Bonds	3,410		
Bank borrowings	12,828	1,632	17,167
Restatement of leasing contracts	0	110	66
Miscellaneous borrowings	25	34	43
<b>Subtotal of non-current financial liabilities</b>	<b>16,263</b>	<b>1,777</b>	<b>17,277</b>
<b>Current portion</b>			
Bank borrowings	7,745	19,163	6,591
Bank credit balances	3,407	6,040	3,310
Accrued interest on borrowings	87	73	61
Restatement of leasing contracts	0	102	76
Miscellaneous borrowings	1,124	9	9
<b>Subtotal of current financial liabilities</b>	<b>12,363</b>	<b>25,388</b>	<b>10,047</b>

At December 31, 2011, in accordance with IAS 1, €11,765,000 of financial liabilities whose covenants had not been met at end December 2011 had been reclassified as current liabilities, even though the financial partners had not demanded repayment.

At December 31, 2012, the whole of the covenants having been met, the financial liabilities have not been reclassified into current debts.

The Miscellaneous borrowings is including a debt of 1 115 K€ in relation with the factoring program in France. As the program is on balance sheet, this is corresponding to the current credit facility granted.

The bank credit balances are the drawn portion of the short-term lines of bank credit. See note 3-1 herein.

## 12 – 4 Breakdown on financial liabilities by date of maturity

### Breakdown on non-current financial liabilities by date of maturity

	Total	2014	2015	2016	2017	> 5 years
Financial liabilities	16,263	5,414	3,633	2,890	839	3,487

### Breakdown by maturity of borrowings of more than one year, from credit institutions

Subscription date	Total	2013	2014	2015	2016	2017	Beyond
Before 2012	16,208	6,769	4,423	2,635	1,892	490	0
2012	7,774	976	982	989	991	349	3,487
Total	23,982	7,745	5,405	3,624	2,883	839	3,487

The Maturity of the medium term debt has been significantly improved. Mainly due to in 2012:

- the second term of the credit facility agreement signed in 2011 with the French banks for 5 M€ amortized over 5 years with fixed terms.
- The infine bonds of 3,5 M€ subscribed with the Micado France 2018 fund, with a maturity term in October 2018.

## 12 – 5 Breakdown by currency

All bank borrowings from credit institutions are in Euros, or in dollars for the American companies.

## 12 – 6 Breakdown by rate tape

The table below lists the most significant exposures of medium-term loans, broken down into fixed rates and variable rates (in millions of Euros).



Contracting entities	Type of credit	Fixed rate	Variable rate	Total lines of credit M€	Capital balance at 12/31/12	Maturities	Existence of hedges
Delfingen Industry	Standard credit		Euribor 3 months + margin	0.8	0.2	2013	
	Standard credit		Euribor 3 months + margin	0.6	0.2	2014	
	Standard credit		Euribor 3 months + margin	0.5	0.2	2014	
	Standard credit		Euribor 3 months + margin	0.2	0.1	2015	
	Standard credit		Euribor 3 months + margin	0.8	0.1	2013	
	Standard credit		Euribor 3 months + margin	0.7	0.2	2014	
	Standard credit		Euribor 3 months + margin	0.6	0.2	2014	
	Standard credit		Euribor 3 months + margin	0.2	0.1	2015	
	Standard credit		Euribor 3 months + margin	2.0	0.3	2013	Rate hedge
	Standard credit		Euribor 3 months + margin	0.6	0.2	2014	
	Standard credit		Euribor 3 months + margin	0.6	0.2	2014	
	Standard credit		Euribor 3 months + margin	0.2	0.1	2015	
	Standard credit		Euribor 3 months + margin	2.0	0.6	2014	Partial rate hedge
	Standard credit		Euribor 3 months + margin	0.4	0.1	2014	
	Standard credit		Euribor 3 months + margin	0.8	0.1	2013	
	Standard credit	5.80%		1.0	0.2	2014	
	Standard credit		Euribor 3 months + margin	0.6	0.2	2014	
	Standard credit		Euribor 3 months + margin	0.6	0.2	2014	
	Standard credit		Euribor 3 months + margin	0.2	0.1	2015	
	Standard credit		Euribor 3 months + margin	1.5	0,6	2014	Partial rate hedge
	Standard credit		Euribor 3 months + margin	0.2	0.1	2014	
	Standard credit		Euribor 3 months + margin	3.0	1.2	2014	Rate hedge
	Growth credit Facility	5.00%		3.0	2.5	2017	Cash deposit
	Standard credit		Euribor 3 months + margin	5.0	3.3	2016	Rate hedge
	Standard credit		Euribor 3 months + margin	5.0	4.2	2017	Rate hedge
	Standard credit	6.50%	Fixed rate	3.5	3.4	2018	
Delfingen FR-Anteuil	Standard credit		Euribor 3 months + margin	0.2	0.03	2013	Pledged goodwill of Delfingen FR- Anteuil

Contracting entities	Type of credit	Fixed rate	Variable rate	Total lines of credit M€	Capital balance at 12/31/12	Maturities	Existence of hedges
Delfingen FR- Anteuil	Standard credit		Euribor 3 months + margin	0.3	0.05	2013	Pledged goodwill of Delfingen FR- Anteuil
	Standard credit		Euribor 3 months + margin	0.2	0.03	2013	Pledged goodwill of Delfingen FR- Anteuil
Delfingen PT- Porto SA	Standard credit		Euribor 3 months + margin	0.4	0.01	2013	Letter of intent Delfingen Industry
	Standard credit		Euribor 3 months + margin	0.5	0.1	2013	Letter of intent Delfingen Industry
	Standard credit		Euribor 3 months + margin	0.4	0.2	2014	Letter of intent Delfingen Industry
	Standard credit		Euribor 3 months + margin	0.5	0.1	2013	Letter of intent Delfingen Industry
Delfingen US - Holding	Standard credit		Libor USD 1 month + margin	2.3	2.1	2016	Rate hedge
	Standard credit		Libor USD 1 month + margin	1.8	1.7	2017	Rate hedge
SCI des Bottes	Standard credit	5.50%		1.3	0.2	2014	Pledge building

In order to manage the risk of interest rate fluctuations on variable-rate loans, the Group has signed Cap, Cap+Floor interest rate contracts, the specifications are described in note 3-3.

## Note 14 Breakdown of assets and liabilities by class of financial instrument

	Breakdown by class of financial instrument					
	Total 12/31/12	Fair value by result	Assets available for sale	Loans, receivables and other liabilities	Liabilities at amortized cost	Derivative instruments
Other non-current financial assets	632	0	0	632	0	0
Customers	19,661	0	0	19,661	0	0
Other debtors (excluding current taxes)	4,567	0	0	4,567	0	0
Cash equivalents	8	8	0	0	0	0
Cash	8,896	8,896	0	0	0	0
<b>ASSETS</b>	<b>33,765</b>	<b>8,905</b>	<b>0</b>	<b>24,860</b>	<b>0</b>	<b>0</b>
Financial liabilities	28,626	0	0	0	28,626	0
Other non-current financial liabilities	424	0	0	0	0	424
Suppliers	10,383	0	0	10,383	0	0
Other current liabilities	6,673	0	0	6,673	0	0
<b>LIABILITIES</b>	<b>46,106</b>	<b>0</b>	<b>0</b>	<b>17,057</b>	<b>28,626</b>	<b>424</b>

## Note 23 Other financial income and charges

	2012	2011	2010
Exchange gains	493	1,078	963
Other financial income	102	(48)	66
Reversal of provisions and financial amortization	0	0	15
<b>Total Other financial income</b>	<b>595</b>	<b>1,031</b>	<b>1,044</b>
Exchange losses	(998)	(1,020)	(822)
Other financial charges	(161)	(236)	(287)
<b>Total Other financial charges</b>	<b>(1,159)</b>	<b>(1,255)</b>	<b>(1,108)</b>

At December 31, 2012, the consolidated financial statements showed an exchange loss of € 505,000.

The other financial charges primarily concern the restatement of borrowings according to the TIE method

## Note 24 Cost of gross financial debt

	2012	2011	2010
Interests expenses	1,126	1,127	1,198
<b>Cost of gross debt</b>	<b>1,126</b>	<b>1,127</b>	<b>1,198</b>

The average cost of gross debt is 4.03 %.

A change of + or - 0.5 points in interest rates would have an impact of + or - € 132,000 on interest expenses.

## Note 30 Free cash flow

	2012	2011	2010
CAFICE	11,107	7,645	10,002
Change in BFR	3,830	(2,544)	(1,301)
Taxes paid	(2,695)	(1,011)	(528)
Free cash flow (before investments)	12,242	4,089	8,173
Investments (net of disposals)	(3,623)	(3,229)	(3,268)
<b>Net free cash flow (after investments)</b>	<b>8,619</b>	<b>861</b>	<b>4,905</b>